

he purchased, or a loss may ensue. But the more extensive be his purchases the more difficult he finds a sale: an ordinary trader may accumulate by constant purchases so large a store of commodities that his supply is in excess of the demand: he cannot dispose of the whole of them, and the remainder is left on his hands, involving him in growing loss.

The jobber when he buys must effect corresponding sales with other jobbers (or brokers); and for observation of the result it will be clearer and more convenient to assume that holders of a specific security have, at a given time, become filled with doubt respecting its soundness and hence seek its abandonment. [The process simply is widened, but in the same form, when the prospect o'f war, for example, or of any other important influence is existent.]

A jobber to whom a broker applies discerns (or speedily will discern) that a sale to him is the object required ; but, at such a time of incessant sales as that which is here supposed, all other jobbers in the same market will be approached with the like intention, so that their separate purchases would store them all with an increasing supply of the same stock. Now each jobber, for the purpose of settling and balancing his account in the stock, must apply to other jobbers to buy in turn from him what he himself has bought, but other jobbers already possess an excessive supply of the stock, and, instead of buying more, desire obviously to sell what they possess for the same purpose of balancing their accounts. And, in the troubled condition of the market here assumed, it would be futile to attempt to deal with a broker, since the latter's object would also be that of selling for his client.

Thus each jobber is unable to clear off what he has bought except probably at a price considerably lower than that which he gave; or perhaps he may discover it to be quite impossible to sell at all. To avoid this loss and possible catastrophe he gradually reduces the price at which he will purchase (and at which the public can sell), and thus gains

for himself an improved chance of transferring his purchases to others by sale. The successive reduction of the jobber's buying (the public's selling) price is thus a decision to restrict his supply for the reasons assigned. If the public, notwithstanding the